complaint

Mr D complains that HSBC Bank plc reversed a trade it had incorrectly placed, but did not tell him the trade had been reversed. As a result, Mr D thought his order had been executed.

background

Mr D placed a limit order to buy shares at £1.24 per share. In error, HSBC purchased the shares 'at best' at £1.25 per share.

HSBC realised it had made an error shortly after the trade had been placed. It reversed the trade and placed the order back in the market. It also checked to see if the share price had reached the limit price, it had not.

A contract note was issued to Mr D when the trade was placed. The contract note set out that the shares had been purchased at £1.25 per share. Due to an error on HSBC's part, Mr D was not told that the trade had been reversed.

The limit price was not reached, and the order lapsed.

Mr D says he did not find out that the trade had been reversed until he went to sell the shares a few days later and noticed they weren't showing on his account.

Mr D complained to HSBC and said he had lost out financially. He said that as it had not told him the trade had been reversed he didn't know that he did not hold the shares.

HSBC upheld Mr D's complaint in part. It apologised for the inconvenience this matter had caused. It also offered to pay him £150 for failing to tell him it had reversed the trade.

Mr D was not satisfied with HSBC's response and brought his complaint to this service.

Our adjudicator said she felt that HSBC's offer to pay Mr D £150 was fair and reasonable. She said HSBC had acted correctly when it reversed the trade and placed the order back in the market. However, she agreed that HSBC should had told Mr D the trade had been reversed. She said she thought HSBC's offer to pay Mr D £150 for the poor service it had provided was fair.

She also said she had considered what Mr D would have done if HSBC had told him the trade had been reversed. The adjudicator said she couldn't say with any certainty what action Mr D would have taken. But she felt that as Mr D had set a limit price of £1.24 per share, she felt this showed he would not have been willing to purchase the shares at a higher price.

Mr D did not accept the adjudicator's view. He said he had lost the opportunity to make money. He said the share price had increased by around 8p per share by the time he found out that HSBC had reversed the trade. He also reiterated that HSBC had not told him that it had reversed the trade.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

When a business makes an error, as HSBC did here, this service usually takes the view that the customer should be put back in the position they would have been in, if the error had not been made.

HSBC incorrectly bought the shares Mr D wanted ‘at best,’ at a price that was above the limit price he had set. I think HSBC acted correctly when it reversed the trade. It realised it had not followed the instruction Mr D had given and it corrected this.

It is not in dispute that HSBC should have told Mr D that the trade had been reversed. This was particularly important as a contract note was issued to Mr D. Mr D took the contract note as confirmation that his order had been fulfilled.

What is in dispute is whether the £150 HSBC has offered to pay Mr D, for its failure to tell him that it had reversed the trade, is sufficient. Mr D has said that he would have made over £5,000 if HSBC had either not reversed the trade, or had told him immediately that the trade had been reversed. He says he would then have bought the shares he wanted before the share price increased further.

However, I must take into account the share price did not reach the limit price Mr D had set until some time after he was aware that the trade had been reversed. I can’t safely agree that he would definitely have bought the shares at a higher price than the limit price he had set if HSBC had told him it had reversed the trade.

As this is the case I don’t agree that HSBC should compensate Mr D for the profit he says he would have made if the trade had not been reversed. I have also taken into account that if the share price had fallen and HSBC had not reversed the trade Mr D would have had a legitimate claim for any loss he suffered as a result of HSBC not following his instruction.

Having carefully considered this matter, like our adjudicator, I think HSBC’s offer to pay Mr D £150 for the poor service he received is fair and reasonable. I don’t agree that HSBC should pay more.

my final decision

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr D to accept or reject my decision before 9 November 2015.

My final decision is that HSBC Bank plc had made a fair and reasonable offer to resolve this complaint. I simply leave it to Mr D to decide if he now wishes to accept its offer to pay him £150.

Suzannah Stuart
ombudsman